

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3062-01
Bill No.: HB 1173
Subject: Equal Pay Act
Type: Original
Date: December 27, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	Could Exceed (\$100,000)	Could Exceed (\$100,000)	Could Exceed (\$100,000)
Total Estimated Net Effect on <u>All</u> State Funds	Could Exceed (\$100,000)	Could Exceed (\$100,000)	Could Exceed (\$100,000)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Transportation (DHT)** assume that due to the increased number of grievances and lawsuits, there will be a need for an increase in staff. DHT anticipates that it will need one new Attorney to handle the increased litigation and one new Human Resource Specialist to assist the attorney in reviewing grievances, preparing arbitrations and various other duties associated with the cases. DHT assumes the fiscal impact to its agency for the additional staff and its associated expense and equipment costs to be \$130,474 for FY03; \$141,983 for FY04; and \$145,552 for FY05.

Oversight assumes that this proposal is essentially an extension of the Federal Equal Pay Act of 1963 and that the state departments and local governments would already be in substantial compliance with the provisions of this proposal. The unknown costs could be as a result of an increased workload on the state courts from noncompliance to the provisions of this proposal in the private sector.

Officials from the **Office of the State Courts Administrator** state that they have no basis to predict any change in the volume of civil litigation under the proposal, so costs are unknown.

Oversight notes that in response to similar legislation in past years, CTS officials assumed the impact of the proposal on the workload of the courts would depend upon how the proposal was implemented, and the extent to which all employers respond to the requirements of the law. Provisions for recovery of attorney fees may tend to encourage litigation. CTS would expect that if civil caseloads increased by about 160 civil trials, the increased clerical workload on the circuit courts would cost the state in excess of \$100,000 per year. CTS cannot predict how many new civil cases would be filed, but noted it would be reasonable to conclude costs could exceed \$100,000 per year.

Officials from the **Office of Administration, Department of Labor and Industrial Relations,** and the **Department of Conservation** assume the proposed legislation would have no fiscal impact on their agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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GENERAL REVENUE

<u>Costs - State Courts Administrator</u> Increased Caseload	<u>Could Exceed</u> <u>(\$100,000)</u>	<u>Could Exceed</u> <u>(\$100,000)</u>	<u>Could Exceed</u> <u>(\$100,000)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

This proposal may cause any employer who employs six or more persons to realize an increase in payroll costs and possible litigation costs if found to be out of compliance with the proposal.

DESCRIPTION

This proposal enacts the Missouri Equal Pay Act. In its main provisions, the proposal:

- (1) Makes it an unlawful employment practice for employers to discriminate between employees on the basis of age, sex, race, disability or national origin in the payment of wages for equal work;
- (2) Makes it an unlawful employment practice for employers to retaliate against employees who utilize the protections of this proposal;
- (3) Clarifies wage payment differentials that will not be considered an unlawful employment practice;
- (4) Prohibits employers from reducing wages to comply with this proposal;
- (5) Requires employers to maintain records on wages paid to employees for a period of two years;
- (6) Lists the remedies available to employees for violations of this proposal; and prohibits the payment of punitive damages;

DESCRIPTION (continued)

- (7) Allows any party to an action to demand a trial by jury;
- (8) Authorizes the court to order the parties to an action to participate in an alternative dispute resolution program;
- (9) Requires that actions be instituted within two years of the last violation and specifies that an employer's liability for back wages can extend to two years immediately prior to the date that action is brought.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the State Courts Administrator
Office of Administration
Department of Transportation
Department of Labor and Industrial Relations
Department of Conservation



Jeanne Jarrett, CPA
Director

December 27, 2001